Filing at a Glance

Company: State National Insurance Company Inc.

Product Name: Collateral Protection Insurance	SERFF Tr Num: STNA-125973618	State: Arkansas
TOI: 28.0 Credit	SERFF Status: Closed	State Tr Num: EFT $50
Sub-TOI: 28.0002 Creditor-Placed Auto	Co Tr Num: SNIC-AR-09-01	State Status: Fees verified and received
Filing Type: Form	Co Status:	Reviewer(s): Betty Montesi, Llyweyia Rawlins
	Author: Patsy McCleskey	Disposition Date: 01/08/2009
	Date Submitted: 01/05/2009	Disposition Status: Approved
Effective Date Requested (New): 02/06/2009		Effective Date (New): 02/06/2009
Effective Date Requested (Renewal): 02/06/2009		Effective Date (Renewal): 02/06/2009

State Filing Description:

General Information

Project Name: CPI	Status of Filing in Domicile: Not Filed
Project Number: SNIC-AR-09-01	Domicile Status Comments: This is not filed in Texas, our domicile, as the standard CPI program is in effect.
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 01/08/2009	
State Status Changed: 01/06/2009	Deemer Date:
Corresponding Filing Tracking Number:	

Filing Description:

State National Insurance Company currently offers Collateral Protection Insurance (“CPI”) in Arkansas. This is coverage for lenders that finance automobiles and other eligible collateral. Revisions to this program are discussed below:

I. The purpose of this filing is to revise several endorsements, as follows.

•AR.202-0504-50, Waiver of Repossession Option – Two – the first sentence is deleted, as it is not needed.

•AR.219-0504-50, Comprehensive Only Coverage – clarification has been added.

•AR.303-0606-50, Premium Deficiency – No Loss and AR.318-0606-50, Premium Deficiency – No Loss C are both amended to add an additional exclusion to specify that the claim for reimbursement must be reported within 90 days from the date of the sale of the collateral. This requirement is to ensure timely reporting of the claim so that claims adjusting can be made as soon as possible.

•AR.307-0606-50, Instrument Non-Filing Coverage for a Superior Lien – Borrower's Omission, is revised to clarify coverage. This endorsement provides coverage between the lender and company, and, as such, some of the policy conditions have been revised to apply specifically to this coverage. There is no rate change for this endorsement.

•AR.309-0606-50, Repossessed Collateral Coverage – the second fill-in, , is eliminated, as it is not needed.

•AR.310-1204-50, Automatic Coverage (Errors & Omissions), is revised to clarify the original intent of this coverage. An optional deductible is now available for the following endorsements:

•AR.311-0606-50, Conversion Coverage – One

•AR.312-0606-50, Conversion Coverage – Two

•AR.313-0606-50, Confiscation Coverage

•AR.332-0606-50, Conversion Coverage – Three

Each currently approved form is included under the Supporting Documentation tab with changes marked as follows: material in [brackets] is deleted; material underlined is added. A final printed copy is also included for your approval under the Forms Schedule.

The new edition date of each endorsement is 0109.

II. New endorsement, AR.336-0109-50, Instrument Non-Filing Coverage for a Superior Lien, is filed as an alternative to the above Instrument Non-Filing endorsement. It provides less coverage at a reduced rate.

III. Also, during a review of our policy and certificate, we noticed a bolding error under ARTICLE XI. CONDITIONS: B. Other Insurance - If on the date of loss there is other insurance or indemnity in your name or for your benefit, this insurance shall be considered excess and shall not apply until all other insurance or indemnity is exhausted.

The words "date of" should not be bolded, only the word "loss". The policy and certificate are being corrected to remove the bolding of the words "date of". This is submitted on an informational basis.

Company and Contact

Filing Contact Information

Patsy McCleskey, State Filings Coordinator
8200 Anderson Boulevard
Fort Worth, TX 76120

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(800) 877-4567 [Phone]
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Filing Company Information

State National Insurance Company Inc.
8200 Anderson Boulevard

Fort Worth, TX 76120
(800) 877-4567 ext. [Phone]

CoCode: 12831
Group Code: 93

Group Name:
FEIN Number: 75-1980552

State of Domicile: Texas
Company Type: Property & Casualty
State ID Number:

Filing Fees

Fee Required?	Yes
Fee Amount:	$50.00
Retaliatory?	No
Fee Explanation:	$50.00 for form filing fee.
Per Company:	No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
State National Insurance Company Inc.	$50.00	01/05/2009	24821124

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	01/08/2009	01/08/2009

Disposition

Disposition Date: 01/08/2009

Effective Date (New): 02/06/2009

Effective Date (Renewal): 02/06/2009

Status: Approved

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number:	*STNA-125973618*	*State:*	*Arkansas*
Filing Company:	*State National Insurance Company Inc.*	*State Tracking Number:*	*EFT $50*
Company Tracking Number:	*SNIC-AR-09-01*		
TOI:	*28.0 Credit*	*Sub-TOI:*	*28.0002 Creditor-Placed Auto*
Product Name:	*Collateral Protection Insurance*		
Project Name/Number:	*CPI/SNIC-AR-09-01*		

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Form	Waiver of Repossession Option - Two	Approved	Yes
Form	Comprehensive Only Coverage	Approved	Yes
Form	Premium Deficiency - No Loss	Approved	Yes
Form	Instrument Non-Filing Coverage for a Superior Lien-Borrower's Omission	Approved	Yes
Form	Repossessed Collateral Coverage	Approved	Yes
Form	Automatic Coverage (Errors & Omissions)	Approved	Yes
Form	Conversion Coverage - One	Approved	Yes
Form	Conversion Coverage - Two	Approved	Yes
Form	Confiscation Coverage	Approved	Yes
Form	Premium Deficiency - No Loss C	Approved	Yes
Form	Conversion Coverage - Three	Approved	Yes
Form	Instrument Non-Filing Coverage for a Superior Lien	Approved	Yes

Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Waiver of Repossession Option - Two	AR.202-0109-50	0109	Endorsement/Amendment/Conditions Replaced	Replaced Form #: AR.202-0504-50 Previous Filing #:		202-0109.pdf
Approved	Comprehensive Only Coverage	AR.219-0109-50	0109	Endorsement/Amendment/Conditions Replaced	Replaced Form #: AR.219-0504-50 Previous Filing #:		219-0109.pdf
Approved	Premium Deficiency - No Loss	AR.303-0109-50	0109	Endorsement/Amendment/Conditions Replaced	Replaced Form #: AR.303-0606-50 Previous Filing #:		303-0109.pdf
Approved	Instrument Non-Filing Coverage for a Superior Lien-Borrower's Omission	AR.307-0109-50	0109	Endorsement/Amendment/Conditions Replaced	Replaced Form #: AR.307-0606-50 Previous Filing #:		307-0109.pdf
Approved	Repossessed Collateral Coverage	AR.309-0109-50	0109	Endorsement/Amendment/Conditions Replaced	Replaced Form #: AR.309-0606-50 Previous Filing #:		309-0109.pdf
Approved	Automatic Coverage (Errors & Omissions)	AR.310-0109-50	0109	Endorsement/Amendment/Conditions Replaced	Replaced Form #: AR.310-1204-50 Previous Filing #:		310-0109.pdf
Approved	Conversion Coverage - One	AR.311-0109-50	0109	Endorsement/Amendment/Conditions Replaced	Replaced Form #: AR.311-0606-50 Previous Filing #:		311-0109.pdf
Approved	Conversion Coverage - Two	AR.312-0109-50	0109	Endorsement/Amendment/Conditions Replaced	Replaced Form #: AR.312-0606-50 Previous Filing #:		312-0109.pdf

Approved	Confiscation Coverage	AR.313-0109-50	0109	Endorsement/Amendment/Conditions	Replaced Replaced Form #: AR.313-0606-50 Previous Filing #:	313-0109.pdf
Approved	Premium Deficiency - No Loss C	AR.318-0109-50	0109	Endorsement/Amendment/Conditions	Replaced Replaced Form #: AR.318-0606-50 Previous Filing #:	318-0109.pdf
Approved	Conversion Coverage - Three	AR.332-0109-50	0109	Endorsement/Amendment/Conditions	Replaced Replaced Form #: AR.332-0606-50 Previous Filing #:	332-0109.pdf
Approved	Instrument Non-Filing Coverage for a Superior Lien	AR.336-0109-50	0109	Endorsement/Amendment/Conditions	New	336-0109.pdf

STATE NATIONAL INSURANCE COMPANY, INC.

WAIVER OF REPOSSESSION OPTION - TWO
AR.202-0109-50

At your option, Coverage A. and B. only may be extended to the borrower provided:

1. the borrower has not been late in payment in excess of forty-five (45) days; and
2. proof of loss is filed with us within 91 days of occurrence;

If WAIVER OF REPOSSESSION OPTION - TWO is exercised, we agree to waive repossession and impairment as required under ARTICLE VI. CONDITIONS PRECEDENT TO LIABILITY.

Our limit of liability shall not exceed the least of the following settlement options, less a $ _____ deductible:

1. the cost to repair;
2. the actual cash value of the collateral, immediately prior to loss (as determined in the normal course of business), less "as is" value of collateral;
3. the unpaid balance less, "as is" value of the collateral; or
4. the amount shown on the certificate as the insured amount.

It is agreed that loss paid under the cost to repair settlement option shall not terminate coverage and the certificate shall continue in force. Loss paid under any other settlement option shall immediately terminate coverage.

"Date of Loss" under this endorsement means the date we receive notice from you that all conditions precedent to a claim hereunder have been met.

We will not pay for any loss caused by an intentional act by the borrower.

This Endorsement is attached to and forms a part of:

Lender's Policy Number _____ and is subject to all the terms and conditions of the policy not inconsistent hereto.

Issued to: _____

By: _____

Effective Date of this Endorsement: _____

STATE NATIONAL INSURANCE COMPANY, INC.

COMPREHENSIVE ONLY COVERAGE
AR.219-0109-50

In consideration of the premium reduction, it is agreed that Coverage B., Collision, is eliminated from the certificate to which this endorsement is attached.

This Endorsement is attached to and forms a part of:

Lender's Policy Number _____ and is subject to all the terms and conditions of the policy not inconsistent hereto.

Issued to: _____

By: _____

Effective Date of this Endorsement: _____

STATE NATIONAL INSURANCE COMPANY, INC.

PREMIUM DEFICIENCY - NO LOSS
AR.303-0109-50

We agree the policy is extended to provide the following coverage for which a premium rate is indicated.
We will reimburse you for earned collateral protection insurance premium during the term of this policy, provided:

1. The collateral is described in a certificate issued prior to the date of loss;
2. You have repossessed the collateral evidenced by a fully executed repossession affidavit;
3. No loss has been paid under the certificate issued hereunder;
4. You have made every reasonable effort to collect the deficiency balance; and
5. The collateral is made available for our inspection.

We shall pay the least of the following not to exceed your premium deficiency balance:

1. The uncollected, unrecovered, earned collateral protection insurance premium, or;
2. The finance contract balance including collateral protection insurance premium, less;
   A. unearned finance charges and miscellaneous add-ons;
   B. actual cash value as of the date of loss calculated as the average of the NADA wholesale and retail plus original equipment; and
   C. any other recoveries.

It is agreed that coverage applies only to:

	Quarterly Rate Per Certificate
A. Collateral protection insurance certificates issued hereunder inforce as of the date of loss.	$_____
B. Collateral protection insurance certificates issued hereunder.	$_____

Additional Exclusions:
This coverage does not apply:

1. If your incurred loss ratio for the current 12 month period exceeds _____%.
2. To dealer originated loans "with recourse".
3. If you did not report the claim for reimbursement within 90 days form the date of the sale of the collateral.

DEFINITIONS
"Incurred Losses" means the total of all paid losses and the reserves for all reported losses and loss adjustment expense, plus the reserves for unreported loss and loss adjustment expense as computed by us, less salvage and subrogation.
"Earned Premium" means unearned premium at the beginning of the period, plus net written premium for the period, less unearned premium at the end of the period.
"Incurred Loss Ratio" means the ratio that the total of the incurred losses bears to the total earned premium.

This endorsement is attached to and forms a part of:

Lender's Policy Number _____ and is subject to all the terms and conditions of the policy not inconsistent hereto.

Issued to: _____

By: _____

Effective date of this endorsement: _____

$ _____ Quarterly rate factor per certificate

STATE NATIONAL INSURANCE COMPANY, INC.

INSTRUMENT NON-FILING COVERAGE FOR A SUPERIOR LIEN – BORROWER'S OMISSION
AR.307-0109-50

We agree to pay you for any direct loss you may sustain caused by an unintentional act or unintentional omission by you and/or your employee because you and/or your employee have unintentionally not recorded your lien (also referred to as "instrument" in this endorsement) with the proper public office or the proper public office has not shown your lien on the title and you are prevented from:

1. obtaining possession or retaining the proceeds of the collateral; and
2. enforcing your rights under the title.

ARTICLE VI. CONDITIONS PRECEDENT TO LIABILITY, is replaced by the following:
Before we become liable for loss or damage:

1. the collateral must be described in a certificate issued prior to the date of loss;
2. your interest must be impaired;
3. there must be no defect in the title at the time the finance contact was made;
4. you must have located the collateral and verified that another lending institution has a title superior to the lien you hold;
5. you have made every reasonable effort to avoid or diminish any loss covered by this endorsement; and
6. you must, in the normal course of your business, maintain and operate a standard procedure to record or file all instruments with the proper public officer or public office in a timely manner. Any delays due to conditions regarding communication with a regulatory agency that results in your inability to properly file or record the title must have detailed written documentation.

ARTICLE VII. YOUR DUTIES WHEN LOSS OCCURS, is replaced by the following:
When you become aware of a loss, you must promptly:

1. provide us with written notification of the loss, telling us how, when and where the loss occurred;
2. cooperate with us or any public official in the investigation, settlement, or the conduct of any claim or suit, using legal proceedings if necessary;
3. provide us with documentation when requested by us; and
4. agree to examinations under oath, at our request, and give us a signed statement of your answers.

ARTICLE X. EXCLUSIONS, is replaced by the following:
This endorsement does not apply to any loss directly or indirectly arising from or related to:

1. your failure to attempt to repossess the collateral within a reasonable time after the account becomes delinquent;
2. loss occurring after the collateral has been repossessed or placed in the possession of you, your employees, or your agents;
3. an illegal, dishonest or fraudulent act, including forgery by you, your employee or by a dealer from whom you received the finance contract;
4. loss you would have incurred even if you had properly filed your instrument;
5. a superior lien being filed prior to the effective date of your security interest;
6. your release of the borrower from obligations without our written consent;
7. the borrower:
    a. not owning the secured property;
    b. not having the proper authorization to pledge the property as collateral on the loan;
    c. not purchasing the property with the loan proceeds; and/or
    d. never taking possession of the collateral;
8. any finance contract made to a dealer or employee when the property is for resale;
9. loss or damages sustained by and/or alleged by another lending institution;
10. loss or damages sustained by and/or alleged by any owner of superior lien to the collateral; and
11. as a result of your failure to file an instrument:
    a. a third party has obtained a legal right to the property; and
    b. a third party has a superior lien to the property.

INSTRUMENT NON-FILING COVERAGE FOR A SUPERIOR LIEN – BORROWER'S OMISSION (Cont.)
AR.307-0109-50

This endorsement does not apply if:

1. you are able to collect the loan payments from another source;
2. there has been payment to the principal on the borrower's loan within the last 90 days;
3. the loan on the collateral was charged off more than 12 months prior to the date the claim is reported to us;
4. you are able to file a lien placing you in the position you would have been in if there had been no unintentional act or unintentional omission;
5. subsequent to execution of the loan with you, the collateral was sold by the borrower to a dealership or auction company;
6. the collateral is subject to a bankruptcy proceeding; or
7. the superior lien is held by an entity other than a lending institution, including but not limited to, a storage facility company, mechanic, governmental authority, any individual or group of individuals.

This endorsement is attached to and forms a part of:

Lender's Policy Number _____ and is subject to all of the terms and conditions of the policy not inconsistent hereto.

Issued to: _____

By: _____

Effective date of this endorsement: _____

$ _____ Quarterly rate factor per certificate

STATE NATIONAL INSURANCE COMPANY, INC.

REPOSSESSED COLLATERAL COVERAGE
AR.309-0109-50

If the **collateral** is repossessed on **your** behalf as a result of a **loss** under Coverages A or B of this **policy**, **we** will provide coverage for _____days after repossession provided:

1. the **collateral** is described in a **certificate** issued prior to the **date of loss**;
2. the **collateral** is in **your** direct care, control and custody; and
3. the **certificate** issued under this **policy** remains inforce for such period.

This endorsement is attached to and forms a part of:

Lender's **Policy** Number _____ and is subject to all the terms and conditions of the **policy** not inconsistent hereto.

Issued to: _____

By: _____

Effective date of this endorsement: _____

$ _____ Quarterly rate factor per **certificate**

STATE NATIONAL INSURANCE COMPANY, INC-

AUTOMATIC COVERAGE (ERRORS & OMISSIONS)
AR.310-0109-50

We agree to provide AUTOMATIC COVERAGE under Coverage A. or B. during the term of this policy on loans eligible for placement.
A certificate will be issued effective the latest of:

1. the inception date of the finance contract;
2. the date that other physical damage insurance protecting your interest terminates; or
3. the effective date of this policy.

Additional Exclusions
There will be no coverage:

1. if the requirement for physical damage insurance protecting your interest has been waived; and
2. if the finance contract is more than _____ days past due.

DEFINITIONS
"Eligible for placement" under this endorsement means loans designated by you and submitted to us with an eligible collateral code for placement of coverage and not in a track-only status.

This endorsement is attached to and forms a part of:

Lender's Policy Number _____ and is subject to all the terms and conditions of the policy not inconsistent hereto.

Issued to: _____

By: _____

Effective date of this endorsement: _____

_____ Annual Premium

STATE NATIONAL INSURANCE COMPANY, INC.

CONVERSION COVERAGE - ONE
AR.311-0109-50

We shall pay for any direct loss you may sustain, caused by conversion of the entire collateral, less the conversion coverage deductible listed herein, provided:

1. the collateral is described in a certificate issued prior to the date of loss;
2. you furnish us a copy of:
   a. the fully completed credit application with evidence of proper verification prior to the finance contract or credit extension;
   b. the finance contract;
   c. the title;
   d. a report of all recovery efforts; and
   e. all other documents evidencing your interest in the collateral;
3. you have made every reasonable effort to:
   a. locate and repossess the collateral;
   b. locate the borrower and collect the unpaid balance; and
   c. contact the last known employer, nearest friend or relative not living with the borrower, and any other creditor known;
4. you report the borrower's default to a credit bureau; and
5. a COLLATERAL PROTECTION INSURANCE POLICY is inforce as of the date of loss.

In the event you report a conversion loss:

1. we shall have ninety (90) days from the date all documentation is received from you to investigate and locate the collateral;
2. we agree to waive repossession and inspection as required under ARTICLE VI., CONDITIONS PRECEDENT TO LIABILITY; and
3. you must assign the finance contract and title to us without recourse upon claim settlement.

Conversion coverage deductible: Coverage under this endorsement is subject to a deductible of $_____.

DEFINITIONS

"Conversion" means when the borrower sells, trades, removes, misappropriates, conceals or disposes of the entire collateral, without your consent.

"Date of Loss" under this endorsement means the date we receive notice from you that all conditions precedent to a claim have been met.

This endorsement is attached to and forms a part of:

Lender's Policy Number _____ and is subject to all the terms and conditions of the policy not inconsistent hereto.

Issued to: _____

By: _____

Effective date of this endorsement: _____

$ _____ Quarterly rate factor per certificate

STATE NATIONAL INSURANCE COMPANY, INC.

CONVERSION COVERAGE - TWO
AR.312-0109-50

We shall pay for any direct loss you may sustain, caused by conversion of the collateral, in whole or in part, less the conversion coverage deductible listed herein, provided:

1. the collateral is described in a certificate issued prior to the date of loss;
2. you furnish us a copy of:
   a. the fully completed credit application with evidence of proper verification prior to the finance contract or credit extension;
   b. the finance contract;
   c. the title;
   d. a report of all recovery efforts; and
   e. all other documents evidencing your interest in the collateral;
3. you have made every reasonable effort to:
   a. locate and repossess the collateral;
   b. locate the borrower and collect the unpaid balance; and
   c. contact the last known employer, nearest friend or relative not living with the borrower and any other creditor known;
4. you report the borrower's default to a credit bureau; and
5. a COLLATERAL PROTECTION INSURANCE POLICY is inforce as of the date of loss.

In the event you report a conversion loss:

1. we shall have ninety (90) days from the date all documentation is received from you to investigate and locate the collateral;
2. we agree to waive repossession and inspection as required under ARTICLE VI., CONDITIONS PRECEDENT TO LIABILITY; and
3. you must assign the finance contract and title to us without recourse upon claim settlement.

Conversion coverage deductible: Coverage under this endorsement is subject to a deductible of $_____.

DEFINITIONS

"Conversion" means when the borrower sells, trades, removes, misappropriates, conceals or disposes of the collateral, in whole or in part, without your consent.

"Date of Loss" under this endorsement means the date we receive notice from you that all conditions precedent to a claim have been met.

This endorsement is attached to and forms a part of:

Lender's Policy Number _____ and is subject to all the terms and conditions of the policy not inconsistent hereto.

Issued to: _____

By: _____

Effective date of this endorsement: _____

$ _____ Quarterly rate factor per certificate

STATE NATIONAL INSURANCE COMPANY, INC.

CONFISCATION COVERAGE
AR.313-0109-50

We shall pay for any direct loss you may sustain, caused by confiscation of the collateral, less the confiscation coverage deductible listed herein, provided:

1. the collateral is described in a certificate issued prior to the date of loss;
2. you furnish us a copy of:
   a. the fully completed credit application with evidence of proper verification prior to the finance contract or credit extension;
   b. the finance contract;
   c. the title;
   d. a report of all recovery efforts; and
   e. all other documents evidencing your interest in the collateral;
3. you have made every reasonable effort to:
   a. locate and repossess the collateral;
   b. locate the borrower and collect the unpaid balance; and
   c. contact the last known employer, nearest friend or relative not living with the borrower and any other creditor known;
4. you report the borrower's default to a credit bureau; and
5. a COLLATERAL PROTECTION INSURANCE POLICY is inforce as of the date of loss.

In the event a loss is paid under CONFISCATION COVERAGE:

1. we agree to waive repossession and inspection as required under ARTICLE VI., CONDITIONS PRECEDENT TO LIABILITY; and
2. you must assign the finance contract and title to us without recourse upon claim settlement.

Confiscation coverage deductible: Coverage under this endorsement is subject to a deductible of $_____.

DEFINITIONS

"Confiscation" means the seizure of the collateral by a public official for the benefit or use of the State.

"Date of Loss" under this endorsement means the date we receive notice from you that all conditions precedent to a claim have been met.

This endorsement is attached to and forms a part of:

Lender's Policy Number _____ and is subject to all the terms and conditions of the policy not inconsistent hereto.

Issued to: _____

By: _____

Effective date of this endorsement: _____

$ _____ Quarterly rate factor per certificate

STATE NATIONAL INSURANCE COMPANY, INC.

PREMIUM DEFICIENCY - NO LOSS C
AR.318-0109-50

We agree the policy is extended to provide the following coverage for which a premium rate is indicated.
We will reimburse you for earned collateral protection insurance premium during the term of this policy, provided:

1. The collateral is described in a certificate issued prior to the date of loss;
2. You have repossessed the collateral evidenced by a fully executed repossession affidavit;
3. No loss has been paid under any certificate issued hereunder;
4. You have made every reasonable effort to collect the deficiency balance; and
5. The collateral is made available for our inspection.

We shall pay the least of the following not to exceed your premium deficiency balance:

1. 100% of the uncollected, unrecovered earned premium from the latest individual certificate and 50% of the uncollectible, unrecovered earned premium from prior individual certificates or;
2. The finance contract balance including collateral protection insurance premium, less;
   A. unearned finance charges and miscellaneous add-ons;
   B. actual cash value as of the date of loss calculated as the average of the NADA wholesale and retail plus original equipment; and
   C. any other recoveries.

It is agreed that coverage applies only to:

	Quarterly Rate Per Certificate
A. Collateral protection insurance certificates issued hereunder.	$ _____

Additional Exclusions:
This coverage does not apply:

1. To dealer originated loans "with recourse".
2. If you did not report the claim for reimbursement within 90 days from teh date of the sale of the collateral.

This endorsement is attached to and forms a part of:

Lender's Policy Number _____ and is subject to all the terms and conditions of the policy not inconsistent hereto.

Issued to: _____

By: _____

Effective date of this endorsement: _____

$ _____ Quarterly rate factor per certificate

STATE NATIONAL INSURANCE COMPANY, INC.

CONVERSION COVERAGE - THREE
AR.332-0109-50

We shall pay for any direct loss you may sustain, caused by conversion of the entire collateral, less the conversion coverage deductible listed herein, provided:

1. the collateral is described in a certificate issued prior to the date of loss;
2. you furnish us a copy of:
   a. the fully completed credit application with evidence of proper verification prior to the finance contract or credit extension;
   b. the finance contract;
   c. the title;
   d. a report of all recovery efforts; and
   e. all other documents evidencing your interest in the collateral;
3. you have made every reasonable effort to:
   a. locate and repossess the collateral;
   b. locate the borrower and collect the unpaid balance; and
   c. contact the last known employer, nearest friend or relative not living with the borrower, and any other creditor known;
4. you report the borrower's default to a credit bureau; and
5. a COLLATERAL PROTECTION INSURANCE POLICY is inforce as of the date of loss.

In the event you report a conversion loss:

1. we shall have ninety (90) days from the date all documentation is received from you to investigate and locate the collateral;
2. we agree to waive repossession and inspection as required under ARTICLE VI., CONDITIONS PRECEDENT TO LIABILITY; and
3. you must assign the finance contract and title to us without recourse upon claim settlement.

Additional Exclusion:
This coverage does not apply if your incurred loss ratio for the current 12 month period exceeds _____%.
Conversion coverage deductible: Coverage under this endorsement is subject to a deductible of $_____.
DEFINITIONS
"Conversion" means when the borrower sells, trades, removes, misappropriates, conceals or disposes of the entire collateral, without your consent.
"Date of Loss" under this endorsement means the date we receive notice from you that all conditions precedent to a claim have been met.
"Earned Premium" means unearned premium at the beginning of the period, plus net written premium for the period, less unearned premium at the end of the period.
"Incurred Loss Ratio" means the ratio that the total of the incurred losses bears to the total earned premium.
"Incurred Losses" means the total of all paid losses and the reserves for all reported losses and loss adjustment expense, plus the reserves for unreported loss and loss adjustment expense as computed by us, less salvage and subrogation.

This endorsement is attached to and forms a part of:

Lender's Policy Number _____ and is subject to all the terms and conditions of the policy not inconsistent hereto.

Issued To: _____

By: _____

Effective date of this endorsement: _____

$_____ Quarterly rate factor per certificate

STATE NATIONAL INSURANCE COMPANY, INC.

INSTRUMENT NON-FILING COVERAGE FOR A SUPERIOR LIEN
AR.336-0109-50

We agree to pay you for any direct loss you may sustain caused by an unintentional act or unintentional omission by you and/or your employee because you and/or your employee have unintentionally not recorded your lien (also referred to as "instrument" in this endorsement) with the proper public office or the proper public office has not shown your lien on the title and you are prevented from:

1. obtaining possession or retaining the proceeds of the collateral; and
2. enforcing your rights under the title.

ARTICLE VI. CONDITIONS PRECEDENT TO LIABILITY, is replaced by the following:
Before we become liable for loss or damage:

1. the collateral must be described in a certificate issued prior to the date of loss;
2. your interest must be impaired;
3. there must be no defect in the title at the time the finance contact was made;
4. you must have located the collateral and verified that another lending institution has a title superior to the lien you hold;
5. you have made every reasonable effort to avoid or diminish any loss covered by this endorsement; and
6. you must, in the normal course of your business, maintain and operate a standard procedure to record or file all instruments with the proper public officer or public office in a timely manner. Any delays due to conditions regarding communication with a regulatory agency that results in your inability to properly file or record the title must have detailed written documentation.

ARTICLE VII. YOUR DUTIES WHEN LOSS OCCURS, is replaced by the following:
When you become aware of a loss, you must promptly:

1. provide us with written notification of the loss, telling us how, when and where the loss occurred;
2. cooperate with us or any public official in the investigation, settlement, or the conduct of any claim or suit, using legal proceedings if necessary;
3. provide us with documentation when requested by us; and
4. agree to examinations under oath, at our request, and give us a signed statement of your answers.

ARTICLE X. EXCLUSIONS, is replaced by the following:
This endorsement does not apply to any loss directly or indirectly arising from or related to:

1. your failure to attempt to repossess the collateral within a reasonable time after the account becomes delinquent;
2. loss occurring after the collateral has been repossessed or placed in the possession of you, your employees, or your agents;
3. an illegal, dishonest or fraudulent act, including forgery by you, your employee or by a dealer from whom you received the finance contract;
4. loss you would have incurred even if you had properly filed your instrument;
5. a superior lien being filed prior to the effective date of your security interest;
6. your release of the borrower from obligations without our written consent;
7. borrower's failure to record or file the instrument with the proper public officer or public office, including but not limited to, circumstances in which a) the borrower agrees to or is required by law to file the instrument upon execution of the loan with you or b) as a result of your failure to originally file the instrument, you have requested the borrower as required by law to file the instrument before a superior lien on the collateral exists and the borrower fails to file the instrument before another superior instrument is filed;
8. the borrower:
    a. not owning the secured property;
    b. not having the proper authorization to pledge the property as collateral on the loan;
    c. not purchasing the property with the loan proceeds; and/or
    d. never taking possession of the collateral;
9. any finance contract made to a dealer or employee when the property is for resale;
10. loss or damages sustained by and/or alleged by another lending institution;
11. loss or damages sustained by and/or alleged by any owner of superior lien to the collateral; and
12. as a result of your failure to file an instrument:
    a. a third party has obtained a legal right to the property; and
    b. a third party has a superior lien to the property.

INSTRUMENT NON-FILING COVERAGE FOR A SUPERIOR LIEN (Cont.)
AR.336-0109-50

This endorsement does not apply if:

1. you are able to collect the loan payments from another source;
2. there has been payment to the principal on the borrower's loan within the last 90 days;
3. the loan on the collateral was charged off more than 12 months prior to the date the claim is reported to us;
4. you are able to file a lien placing you in the position you would have been in if there had been no unintentional act or unintentional omission;
5. subsequent to execution of the loan with you, the collateral was sold by the borrower to a dealership or auction company;
6. the collateral is subject to a bankruptcy proceeding; or
7. the superior lien is held by an entity other than a lending institution, including but not limited to, a storage facility company, mechanic, governmental authority, any individual or group of individuals.

This endorsement is attached to and forms a part of:

Lender's Policy Number _____ and is subject to all of the terms and conditions of the policy not inconsistent hereto.

Issued to: _____

By: _____

Effective date of this endorsement: _____

$ _____ Quarterly rate factor per certificate

Rate Information

Rate data does NOT apply to filing.

Supporting Document Schedules

		Review Status:	
Satisfied -Name:	Uniform Transmittal Document-Property & Casualty	Approved	01/08/2009

Comments:

The Uniform Transmittal Document - Property & Casualty is attached. Also attached is each endorsement being revised with changes marked as follows:
material in [brackets] is deleted; material underlined is added.

Attachments:

202 w-chgs.pdf
219 w-chgs.pdf
303 w-chgs.pdf
307 w-chgs.pdf
309 w-chgs.pdf
310 w-chgs.pdf
311 w-chgs.pdf
312 w-chgs.pdf
313 w-chgs.pdf
318 w-chgs.pdf
332 w-chgs.pdf
pc_trans&r_r_2007.pdf

STATE NATIONAL INSURANCE COMPANY, INC.

WAIVER OF REPOSSESSION OPTION - TWO
AR.202-[0504]0109-50

[It is agreed that WAIVER OF REPOSSESSION OPTION - ONE is amended as follows:]
At your option, Coverage A. and B. only may be extended to the borrower provided:

1. the borrower has not been late in payment in excess of forty-five (45) days; and
2. proof of loss is filed with us within 91 days of occurrence;

If WAIVER OF REPOSSESSION OPTION - TWO is exercised, we agree to waive repossession and impairment as required under ARTICLE VI. CONDITIONS PRECEDENT TO LIABILITY.
Our limit of liability shall not exceed the least of the following settlement options, less a $ _____ deductible:

1. the cost to repair;
2. the actual cash value of the collateral, immediately prior to loss (as determined in the normal course of business), less "as is" value of collateral;
3. the unpaid balance less, "as is" value of the collateral; or
4. the amount shown on the certificate as the insured amount.

It is agreed that loss paid under the cost to repair settlement option shall not terminate coverage and the certificate shall continue in force. Loss paid under any other settlement option shall immediately terminate coverage.
"Date of Loss" under this endorsement means the date we receive notice from you that all conditions precedent to a claim hereunder have been met.
We will not pay for any loss caused by an intentional act by the borrower.

This Endorsement is attached to and forms a part of:

Lender's Policy Number _____ and is subject to all the terms and conditions of the policy not inconsistent hereto.

Issued to: _____

By: _____

Effective Date of this Endorsement: _____

STATE NATIONAL INSURANCE COMPANY, INC.

COMPREHENSIVE ONLY COVERAGE
AR.219-[0504]0109-50

In consideration of the premium reduction, it is agreed that Coverage B., Collision, is eliminated from the certificate to which this endorsement is attached.

This Endorsement is attached to and forms a part of:

Lender's Policy Number _____ and is subject to all the terms and conditions of the policy not inconsistent hereto.

Issued to: _____

By: _____

Effective Date of this Endorsement: _____

STATE NATIONAL INSURANCE COMPANY, INC.

PREMIUM DEFICIENCY - NO LOSS
AR.303-[0606]0109-50

We agree the policy is extended to provide the following coverage for which a premium rate is indicated.
We will reimburse you for earned collateral protection insurance premium during the term of this policy, provided:

1. The collateral is described in a certificate issued prior to the date of loss;
2. You have repossessed the collateral evidenced by a fully executed repossession affidavit;
3. No loss has been paid under the certificate issued hereunder;
4. You have made every reasonable effort to collect the deficiency balance; and
5. The collateral is made available for our inspection.

We shall pay the least of the following not to exceed your premium deficiency balance:

1. The uncollected, unrecovered, earned collateral protection insurance premium, or;
2. The finance contract balance including collateral protection insurance premium, less;
   A. unearned finance charges and miscellaneous add-ons;
   B. actual cash value as of the date of loss calculated as the average of the NADA wholesale and retail plus original equipment; and
   C. any other recoveries.

It is agreed that coverage applies only to:

	Quarterly Rate Per Certificate
A. Collateral protection insurance certificates issued hereunder inforce as of the date of loss.	$_____
B. Collateral protection insurance certificates issued hereunder.	$_____

Additional Exclusions:
This coverage does not apply:

1. If your incurred loss ratio for the current 12 month period exceeds _____%.
2. To dealer originated loans "with recourse".
3. If you did not report the claim for reimbursement within 90 days form the date of the sale of the collateral.

DEFINITIONS
"Incurred Losses" means the total of all paid losses and the reserves for all reported losses and loss adjustment expense, plus the reserves for unreported loss and loss adjustment expense as computed by us, less salvage and subrogation.
"Earned Premium" means unearned premium at the beginning of the period, plus net written premium for the period, less unearned premium at the end of the period.
"Incurred Loss Ratio" means the ratio that the total of the incurred losses bears to the total earned premium.

This endorsement is attached to and forms a part of:

Lender's Policy Number _____ and is subject to all the terms and conditions of the policy not inconsistent hereto.

Issued to: _____

By: _____

Effective date of this endorsement: _____

$ _____ Quarterly rate factor per certificate

STATE NATIONAL INSURANCE COMPANY, INC.

INSTRUMENT NON-FILING COVERAGE FOR A SUPERIOR LIEN – BORROWER'S OMISSION
AR.307-[0606]0109-50

We agree to pay you for any direct loss you may sustain caused by an unintentional act or unintentional omission by you and/or your employee because you and/or your employee have unintentionally not recorded your lien (also referred to as "instrument" in this endorsement) with the proper public office or the proper public office has not shown your lien on the title and you are prevented from:

1. obtaining possession or retaining the proceeds of the collateral; and
2. enforcing your rights under the title.

[Before coverage applies:

1. the collateral is described in a certificate issued prior to the date of loss;
2. your interest must be impaired;
3. there must be no defect in the title at the time the finance contact was made;
4. you must have located the collateral and verified that another person or corporation has title superior to the lien you hold; and
5. you have made every reasonable effort to avoid or diminish any loss covered by this policy.

This endorsement does not apply to any loss due directly or indirectly to:

1. forgery;
2. your failure to attempt to repossess the collateral within a reasonable time after the account becomes delinquent;
3. any finance contract made to a dealer or employee when the property is for resale; and
4. loss occurring after the collateral has been repossessed or placed in the possession of you, your employees, or your agents.]

ARTICLE VI. CONDITIONS PRECEDENT TO LIABILITY, is replaced by the following:
Before we become liable for loss or damage:

1. the collateral must be described in a certificate issued prior to the date of loss;
2. your interest must be impaired;
3. there must be no defect in the title at the time the finance contact was made;
4. you must have located the collateral and verified that another lending institution has a title superior to the lien you hold;
5. you have made every reasonable effort to avoid or diminish any loss covered by this endorsement; and
6. you must, in the normal course of your business, maintain and operate a standard procedure to record or file all instruments with the proper public officer or public office in a timely manner. Any delays due to conditions regarding communication with a regulatory agency that results in your inability to properly file or record the title must have detailed written documentation.

ARTICLE VII. YOUR DUTIES WHEN LOSS OCCURS, is replaced by the following:
When you become aware of a loss, you must promptly:

1. provide us with written notification of the loss, telling us how, when and where the loss occurred;
2. cooperate with us or any public official in the investigation, settlement, or the conduct of any claim or suit, using legal proceedings if necessary;
3. provide us with documentation when requested by us; and
4. agree to examinations under oath, at our request, and give us a signed statement of your answers.

ARTICLE X. EXCLUSIONS, is replaced by the following:
This endorsement does not apply to any loss directly or indirectly arising from or related to:

1. your failure to attempt to repossess the collateral within a reasonable time after the account becomes delinquent;
2. loss occurring after the collateral has been repossessed or placed in the possession of you, your employees, or your agents;
3. an illegal, dishonest or fraudulent act, including forgery by you, your employee or by a dealer from whom you received the finance contract;
4. loss you would have incurred even if you had properly filed your instrument;
5. a superior lien being filed prior to the effective date of your security interest;
6. your release of the borrower from obligations without our written consent;

7. the borrower:
   a. not owning the secured property;
   b. not having the proper authorization to pledge the property as collateral on the loan;
   c. not purchasing the property with the loan proceeds; and/or
   d. never taking possession of the collateral;
8. any finance contract made to a dealer or employee when the property is for resale;
9. loss or damages sustained by and/or alleged by another lending institution;
10. loss or damages sustained by and/or alleged by any owner of superior lien to the collateral; and
11. as a result of your failure to file an instrument:
    a. a third party has obtained a legal right to the property; and
    b. a third party has a superior lien to the property.

This endorsement does not apply if:

1. you are able to collect the loan payments from another source;
2. there has been payment to the principal on the borrower's loan within the last 90 days;
3. the loan on the collateral was charged off more than 12 months prior to the date the claim is reported to us;
4. you are able to file a lien placing you in the position you would have been in if there had been no unintentional act or unintentional omission;
5. subsequent to execution of the loan with you, the collateral was sold by the borrower to a dealership or auction company;
6. the collateral is subject to a bankruptcy proceeding; or
7. the superior lien is held by an entity other than a lending institution, including but not limited to, a storage facility company, mechanic, governmental authority, any individual or group of individuals.

This endorsement is attached to and forms a part of:

Lender's Policy Number _____ and is subject to all of the terms and conditions of the policy not inconsistent hereto.

Issued to: _____

By: _____

Effective date of this endorsement: _____

$ _____ Quarterly rate factor per certificate

STATE NATIONAL INSURANCE COMPANY, INC.

REPOSSESSED COLLATERAL COVERAGE
AR.309-[0606]0109-50

If the **collateral** is repossessed on **your** behalf as a result of a **loss** under Coverages A or B of this **policy**, **we** will provide coverage for _____days after repossession provided:

1. the **collateral** is described in a **certificate** issued prior to the **date of loss**;
2. the **collateral** is in **your** direct care, control and custody; and
3. the **certificate** issued under this **policy** remains inforce for such [_____] period.

This endorsement is attached to and forms a part of:

Lender's **Policy** Number _____ and is subject to all the terms and conditions of the **policy** not inconsistent hereto.

Issued to: _____

By: _____

Effective date of this endorsement: _____

$ _____ Quarterly rate factor per **certificate**

STATE NATIONAL INSURANCE COMPANY, INC-

AUTOMATIC COVERAGE (ERRORS & OMISSIONS)
AR.310-[1204]0109-50

We agree to provide AUTOMATIC COVERAGE under Coverage A. or B. during the term of this policy on loans eligible for placement.
A certificate will be issued effective the latest of:

1. the inception date of the finance contract;
2. the date that other physical damage insurance protecting your interest terminates; or
3. the effective date of this policy.

Additional Exclusions
There will be no coverage:

1. if the requirement for physical damage insurance protecting your interest has been waived; and
2. if the finance contract is more than _____ days past due.

DEFINITIONS
"Eligible for placement" under this endorsement means loans designated by you and submitted to us with an eligible collateral code for placement of coverage and not in a track-only status.

This endorsement is attached to and forms a part of:

Lender's Policy Number _____ and is subject to all the terms and conditions of the policy not inconsistent hereto.

Issued to: _____

By: _____

Effective date of this endorsement: _____

_____ Annual Premium

STATE NATIONAL INSURANCE COMPANY, INC.

CONVERSION COVERAGE - ONE
AR.311-[0606]0109-50

We shall pay for any direct loss you may sustain, [during the term of this policy,] caused by conversion of the entire collateral, less the conversion coverage deductible listed herein, provided:

1. the collateral is described in a certificate issued prior to the date of loss;
2. you furnish us a copy of:
   a. the fully completed credit application with evidence of proper verification prior to the finance contract or credit extension;
   b. the finance contract;
   c. the title;
   d. a report of all recovery efforts; and
   e. all other documents evidencing your interest in the collateral;
3. you have made every reasonable effort to:
   a. locate and repossess the collateral;
   b. locate the borrower and collect the unpaid balance; and
   c. contact the last known employer, nearest friend or relative not living with the borrower, and any other creditor known;
4. you report the borrower's default to a credit bureau; and
5. a COLLATERAL PROTECTION INSURANCE POLICY is inforce as of the date of loss.

In the event you report a conversion loss:

1. we shall have ninety (90) days from the date all documentation is received from you to investigate and locate the collateral;
2. we agree to waive repossession and inspection as required under ARTICLE VI., CONDITIONS PRECEDENT TO LIABILITY; and
3. you must assign the finance contract and title to us without recourse upon claim settlement.

Conversion coverage deductible: Coverage under this endorsement is subject to a deductible of $_____.

DEFINITIONS

"Conversion" means when the borrower sells, trades, removes, misappropriates, conceals or disposes of the entire collateral, without your consent.

"Date of Loss" under this endorsement means the date we receive notice from you that all conditions precedent to a claim have been met.

This endorsement is attached to and forms a part of:

Lender's Policy Number _____ and is subject to all the terms and conditions of the policy not inconsistent hereto.

Issued to: _____

By: _____

Effective date of this endorsement: _____

$ _____ Quarterly rate factor per certificate

STATE NATIONAL INSURANCE COMPANY, INC.

CONVERSION COVERAGE - TWO
AR.312-[0606]0109-50

We shall pay for any direct loss you may sustain, [during the term of this policy,] caused by conversion of the collateral, in whole or in part, less the conversion coverage deductible listed herein, provided:

1. the collateral is described in a certificate issued prior to the date of loss;
2. you furnish us a copy of:
   a. the fully completed credit application with evidence of proper verification prior to the finance contract or credit extension;
   b. the finance contract;
   c. the title;
   d. a report of all recovery efforts; and
   e. all other documents evidencing your interest in the collateral;
3. you have made every reasonable effort to:
   a. locate and repossess the collateral;
   b. locate the borrower and collect the unpaid balance; and
   c. contact the last known employer, nearest friend or relative not living with the borrower and any other creditor known;
4. you report the borrower's default to a credit bureau; and
5. a COLLATERAL PROTECTION INSURANCE POLICY is inforce as of the date of loss.

In the event you report a conversion loss:

1. we shall have ninety (90) days from the date all documentation is received from you to investigate and locate the collateral;
2. we agree to waive repossession and inspection as required under ARTICLE VI., CONDITIONS PRECEDENT TO LIABILITY; and
3. you must assign the finance contract and title to us without recourse upon claim settlement.

Conversion coverage deductible: Coverage under this endorsement is subject to a deductible of $_____.

DEFINITIONS

"Conversion" means when the borrower sells, trades, removes, misappropriates, conceals or disposes of the collateral, in whole or in part, without your consent.

"Date of Loss" under this endorsement means the date we receive notice from you that all conditions precedent to a claim have been met.

This endorsement is attached to and forms a part of:

Lender's Policy Number _____ and is subject to all the terms and conditions of the policy not inconsistent hereto.

Issued to: _____

By: _____

Effective date of this endorsement: _____

$ _____ Quarterly rate factor per certificate

STATE NATIONAL INSURANCE COMPANY, INC.

CONFISCATION COVERAGE
AR.313-[0606]0109-50

We shall pay for any direct loss you may sustain, [during the term of this policy,] caused by confiscation of the collateral, less the confiscation coverage deductible listed herein, provided:

1. the collateral is described in a certificate issued prior to the date of loss;
2. you furnish us a copy of:
   a. the fully completed credit application with evidence of proper verification prior to the finance contract or credit extension;
   b. the finance contract;
   c. the title;
   d. a report of all recovery efforts; and
   e. all other documents evidencing your interest in the collateral;
3. you have made every reasonable effort to:
   a. locate and repossess the collateral;
   b. locate the borrower and collect the unpaid balance; and
   c. contact the last known employer, nearest friend or relative not living with the borrower and any other creditor known;
4. you report the borrower's default to a credit bureau; and
5. a COLLATERAL PROTECTION INSURANCE POLICY is inforce as of the date of loss.

In the event a loss is paid under CONFISCATION COVERAGE:

1. we agree to waive repossession and inspection as required under ARTICLE VI., CONDITIONS PRECEDENT TO LIABILITY; and
2. you must assign the finance contract and title to us without recourse upon claim settlement.

Confiscation coverage deductible: Coverage under this endorsement is subject to a deductible of $ _____.

DEFINITIONS

"Confiscation" means the seizure of the collateral by a public official for the benefit or use of the State.

"Date of Loss" under this endorsement means the date we receive notice from you that all conditions precedent to a claim have been met.

This endorsement is attached to and forms a part of:

Lender's Policy Number _____ and is subject to all the terms and conditions of the policy not inconsistent hereto.

Issued to: _____

By: _____

Effective date of this endorsement: _____

$ _____ Quarterly rate factor per certificate

STATE NATIONAL INSURANCE COMPANY, INC.

PREMIUM DEFICIENCY - NO LOSS C
AR.318-[0606]0109-50

We agree the policy is extended to provide the following coverage for which a premium rate is indicated.
We will reimburse you for earned collateral protection insurance premium during the term of this policy, provided:

1. The collateral is described in a certificate issued prior to the date of loss;
2. You have repossessed the collateral evidenced by a fully executed repossession affidavit;
3. No loss has been paid under any certificate issued hereunder;
4. You have made every reasonable effort to collect the deficiency balance; and
5. The collateral is made available for our inspection.

We shall pay the least of the following not to exceed your premium deficiency balance:

1. 100% of the uncollected, unrecovered earned premium from the latest individual certificate and 50% of the uncollectible, unrecovered earned premium from prior individual certificates or;
2. The finance contract balance including collateral protection insurance premium, less;
   A. unearned finance charges and miscellaneous add-ons;
   B. actual cash value as of the date of loss calculated as the average of the NADA wholesale and retail plus original equipment; and
   C. any other recoveries.

It is agreed that coverage applies only to:

	Quarterly Rate Per Certificate
A. Collateral protection insurance certificates issued hereunder.	$ _____

Additional Exclusions:
This coverage does not apply:

1. To dealer originated loans "with recourse".
2. If you did not report the claim for reimbursement within 90 days from teh date of the sale of the collateral.

This endorsement is attached to and forms a part of:

Lender's Policy Number _____ and is subject to all the terms and conditions of the policy not inconsistent hereto.

Issued to: _____

By: _____

Effective date of this endorsement: _____

$ _____ Quarterly rate factor per certificate

STATE NATIONAL INSURANCE COMPANY, INC.

CONVERSION COVERAGE - THREE
AR.332-[0606]0109-50

We shall pay for any direct loss you may sustain, [during the term of this policy,] caused by conversion of the entire collateral, less the conversion coverage deductible listed herein, provided:

1. the collateral is described in a certificate issued prior to the date of loss;
2. you furnish us a copy of:
   a. the fully completed credit application with evidence of proper verification prior to the finance contract or credit extension;
   b. the finance contract;
   c. the title;
   d. a report of all recovery efforts; and
   e. all other documents evidencing your interest in the collateral;
3. you have made every reasonable effort to:
   a. locate and repossess the collateral;
   b. locate the borrower and collect the unpaid balance; and
   c. contact the last known employer, nearest friend or relative not living with the borrower, and any other creditor known;
4. you report the borrower's default to a credit bureau; and
5. a COLLATERAL PROTECTION INSURANCE POLICY is inforce as of the date of loss.

In the event you report a conversion loss:

1. we shall have ninety (90) days from the date all documentation is received from you to investigate and locate the collateral;
2. we agree to waive repossession and inspection as required under ARTICLE VI., CONDITIONS PRECEDENT TO LIABILITY; and
3. you must assign the finance contract and title to us without recourse upon claim settlement.

Additional Exclusion:
This coverage does not apply if your incurred loss ratio for the current 12 month period exceeds _____%.
Conversion coverage deductible: Coverage under this endorsement is subject to a deductible of $_____.

DEFINITIONS

"Conversion" means when the borrower sells, trades, removes, misappropriates, conceals or disposes of the entire collateral, without your consent.

"Date of Loss" under this endorsement means the date we receive notice from you that all conditions precedent to a claim have been met.

"Earned Premium" means unearned premium at the beginning of the period, plus net written premium for the period, less unearned premium at the end of the period.

"Incurred Loss Ratio" means the ratio that the total of the incurred losses bears to the total earned premium.

"Incurred Losses" means the total of all paid losses and the reserves for all reported losses and loss adjustment expense, plus the reserves for unreported loss and loss adjustment expense as computed by us, less salvage and subrogation.

This endorsement is attached to and forms a part of:

Lender's Policy Number _____ and is subject to all the terms and conditions of the policy not inconsistent hereto.

Issued To: _____

By: _____

Effective date of this endorsement: _____

$_____ Quarterly rate factor per certificate

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
	g. SERFF Filing #:	
	h. Subject Codes	

3.	Group Name	Group NAIC #
	State National Companies	093

4.	Company Name(s)	Domicile	NAIC #	FEIN #	State #
	State National Insurance Company, Inc.	Texas	12831	75-1980552	Not applicable

5.	Company Tracking Number	SNIC-AR-09-01

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Patsy-Ann McCleskey 8200 Anderson Blvd. Fort Worth TX 76120	State Filings Coordinator	800 877-4567 Ext. 1232	817 804-2930	pmccleskey@ statenational.com

7.	Signature of authorized filer	Patsy-Ann McCleskey
8.	Please print name of authorized filer	Patsy-Ann McCleskey

Filing information (see General Instructions for descriptions of these fields)

9.	**Type of Insurance (TOI)**	28-2000
10.	**Sub-Type of Insurance (Sub-TOI)**	28-2002
11.	**State Specific Product code(s)(if applicable)[See State Specific Requirements]**	
12.	**Company Program Title** (Marketing title)	Collateral Protection Insurance
13.	**Filing Type**	[ ] Rate/Loss Cost [ ] Rules [ ] Rates/Rules [**x**] Forms [ ] Combination Rates/Rules/Forms [ ] Withdrawal[ ] Other (give description)
14.	**Effective Date(s) Requested**	New: February 6, 2009 Renewal: Not applicable
15.	**Reference Filing?**	[ ] Yes [x] No
16.	**Reference Organization** (if applicable)	
17.	**Reference Organization # & Title**	
18.	**Company's Date of Filing**	January 5, 2009
19.	**Status of filing in domicile**	[**x**] Not Filed [ ] Pending [ ] Authorized [ ] Disapproved

Property & Casualty Transmittal Document—

20.	**This filing transmittal is part of Company Tracking #**	SNIC-AR-09-01

21.	**Filing Description** [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]

State National Insurance Company currently offers Collateral Protection Insurance ("CPI") in Arkansas. This is coverage for lenders that finance automobiles and other eligible collateral. Revisions to this program are discussed below:

I. The purpose of this filing is to revise several endorsements, as follows.

- AR.202-0504-50, Waiver of Repossession Option – Two – the first sentence is deleted, as it is not needed.
- AR.219-0504-50, Comprehensive Only Coverage – clarification has been added.
- AR.303-0606-50, Premium Deficiency – No Loss and AR.318-0606-50, Premium Deficiency – No Loss C are both amended to add an additional exclusion to specify that the claim for reimbursement must be reported within 90 days from the date of the sale of the collateral. This requirement is to ensure timely reporting of the claim so that claims adjusting can be made as soon as possible.
- AR.307-0606-50, Instrument Non-Filing Coverage for a Superior Lien – Borrower's Omission, is revised to clarify coverage. This endorsement provides coverage between the lender and company, and, as such, some of the policy conditions have been revised to apply specifically to this coverage. There is no rate change for this endorsement.
- AR.309-0606-50, Repossessed Collateral Coverage – the second fill-in, _____, is eliminated, as it is not needed.
- AR.310-1204-50, Automatic Coverage (Errors & Omissions), is revised to clarify the original intent of this coverage.

An optional deductible is now available for the following endorsements:

- AR.311-0606-50, Conversion Coverage – One
- AR.312-0606-50, Conversion Coverage – Two
- AR.313-0606-50, Confiscation Coverage
- AR.332-0606-50, Conversion Coverage – Three

Each currently approved form is included under the Supporting Documentation tab with changes marked as follows: material in [brackets] is deleted; material <u>underlined</u> is added. A final printed copy is also included for your approval under the Forms Schedule.

The new edition date of each endorsement is 0109.

II. New endorsement, AR.336-0109-50, Instrument Non-Filing Coverage for a Superior Lien, is filed as an alternative to the above Instrument Non-Filing endorsement. It provides less coverage at a reduced rate.

III. Also, during a review of our policy and certificate, we noticed a bolding error under **ARTICLE XI. CONDITIONS**:

B. Other Insurance - If on the **date of loss** there is other insurance or indemnity in **your** name or for **your** benefit, this insurance shall be considered excess and shall not apply until all other insurance or indemnity is exhausted.

The words "date of" should not be bolded, only the word "loss". The policy and certificate are being corrected to remove the bolding of the words "date of". This is submitted on an informational basis.

The requested effective date is February 6, 2009.

22.	**Filing Fees** (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]

Check #: EFT
Amount: $50.00

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

*****Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

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FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)

(Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	**This filing transmittal is part of Company Tracking #**	**SNIC-AR-09-01**
2.	**This filing corresponds to rate/rule filing number** (Company tracking number of rate/rule filing, if applicable)	**SNIC-AR-09-02**

3.	**Form Name /Description/Synopsis**	**Form # Include edition date**	**Replacement Or withdrawn?**	**If replacement, give form # it replaces**	**Previous state filing number,** if required by state
01	Waiver of Repossession Option – Two	AR.202-0109-50	[ ] New [**x**] Replacement [ ] Withdrawn	AR.202-0504-50	
02	Comprehensive Only Coverage	AR.219-0109-50	[ ] New [**x**] Replacement [ ] Withdrawn	AR.219-0504-50	
03	Premium Deficiency-No Loss	AR.303-0109-50	[ ] New [**x**] Replacement [ ] Withdrawn	AR.303-0606-50	
04	Instrument Non-Filing Coverage for a Superior Lien-Borrower's Omission	AR.307-0109-50	[ ] New [**x**] Replacement [ ] Withdrawn	AR.307-0606-50	
05	Repossessed Collateral Coverage	AR.309-0109-50	[ ] New [**x**] Replacement [ ] Withdrawn	AR.309-0606-50	
06	Automatic Coverage (Errors & Omissions)	AR.310-0109-50	[ ] New [**x**] Replacement [ ] Withdrawn	AR.310-1204-50	
07	Conversion Coverage – One	AR.311-0109-50	[ ] New [**x**] Replacement [ ] Withdrawn	AR.311-0606-50	
08	Conversion Coverage – Two	AR.312-0109-50	[ ] New [**x**] Replacement [ ] Withdrawn	AR.312-0606-50	
09	Confiscation Coverage	AR.313-0109-50	[ ] New [**x**] Replacement [ ] Withdrawn	AR.313-0606-50	
10	Premium Deficiency – No Loss C	AR.318-0109-50	[ ] New [**x**] Replacement [ ] Withdrawn	AR.318-0606-50	

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3.	**Form Name /Description/Synopsis**	**Form # Include edition date**	**Replacement Or withdrawn?**	**If replacement, give form # it replaces**	**Previous state filing number,** if required by state
11	Conversion Coverage – Three	AR.332-0109-50	[ ] New [**x**] Replacement [ ] Withdrawn	AR.332-0606-50	
12	Instrument Non-Filing Coverage for a Superior Lien	AR.336-0109-50	[**x**] New [ ] Replacement [ ] Withdrawn		
13			[ ] New [ ] Replacement [ ] Withdrawn		
14			[ ] New [ ] Replacement [ ] Withdrawn		
15			[ ] New [ ] Replacement [ ] Withdrawn		
16			[ ] New [ ] Replacement [ ] Withdrawn		
17			[ ] New [ ] Replacement [ ] Withdrawn		
18			[ ] New [ ] Replacement [ ] Withdrawn		
19			[ ] New [ ] Replacement [ ] Withdrawn		
20			[ ] New [ ] Replacement [ ] Withdrawn		

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